

# Contribution requests

Wisconsin citizens are bombarded with mail, telephone, and door-to-door requests to make donations. Some of the requests come from charities, others are from for-profit companies or political lobby organizations. With hundreds of organizations soliciting for donations, it is difficult to tell legitimate groups from frauds. Americans lose millions of dollars to fraudulent groups each year. Many groups use sweepstakes, emotional appeals, and, sometimes, confusing or misleading information to obtain contributions.

This fact sheet summarizes some things to consider when making decisions about which groups to support. Also included is a list of questions to ask groups that contact you for a donation. Post the list in a handy place and use it to obtain the information you need to make informed gift-giving decisions.

## Sweepstakes

Because of the intense competition for contributions, charitable organizations are always looking for new ways to attract the attention of consumers. Groups hope that a chance to enter a sweepstakes will convince consumers to send them money.

Most of these sweepstakes preselect winners who have been randomly selected by a computer and assigned a number. To participate in the sweepstakes, you must send in your entry. Because the numbers are preselected, you have the same chance of winning whether you donate or not, and you will probably be competing with millions of participants—sometimes for prizes as small as ten cents.

Some sweepstakes ask consumers to contribute a check or enclose a blank check with the word VOID written across it. If you decide to participate, write the word VOID prominently across the length of the check. The national Better Business Bureau's Philanthropic Advisory Service suggests that consumers punch

a hole through their account number on the check to make sure the check will be of no value. Remember, both donors and non-donors have an equal chance of winning a prize in a sweepstakes. Finally, be aware that the more money a charity spends on sweepstakes promotions, the less will be spent on charitable purpose.

## Emotional appeals

Always consider your individual interests and concerns when deciding which organizations to support. Pictures of hungry children, shocking statements, and celebrity endorsements are often used to get attention. There is nothing wrong with an organization using these approaches, but consumers need to maintain control. Judge the cause on its merit, rather than its emotional appeal.

## Look-alike charities

Consumers need to be cautious of look-alike charities—groups that imitate better-known organizations

as a way to attract donors. These groups create confusion among donors and concern on the part of established charities. They may conduct identical fundraising campaigns, use similar sounding names, use familiar promotional material, and even arrange for common mailing addresses.

Deliberate attempts to confuse the public with look-alike solicitations are illegal in Wisconsin. State law prohibits the use of names, symbols or statements so closely related or similar to that used by another charity that they will confuse or mislead. Read written solicitations you receive very carefully.

## **Misrepresentations**

Contributions may be solicited on behalf of an organization by someone who is not affiliated with the group and has no intention of turning over any money to it. When in doubt, ask for identification from the solicitor and printed, verifiable information about the organization. Be sure to write any check to the organization and not to the individual soliciting.

**NEVER** contribute in cash or send cash through the mail. If you are unsure about donating in response to a mail, telephone, or door-to-door solicitation, an alternative would be to find a local charity doing work you approve of, and donating directly to it.

## **Registration requirements**

Under state law, most organizations soliciting for charitable donations in Wisconsin must register and file an annual report with the state Department of Regulation and licensing. Religious and veteran organizations are exempt from registration. To check on whether a charity is registered, call:

(608) 266-5511

A registration check lets you know if the charity is in compliance with Wisconsin's registration requirement. State law also requires that charitable solicitations must disclose the true name of the charity, its actual location, and its primary purpose. However, the state cannot regulate how an organization uses its money. An

extremely high percentage of your contribution may be used for salaries and fund-raising costs, and little for the actual cause. The fact that a charity is registered does not necessarily mean that it should receive your donation.

Additional information about charities can be obtained from the Better Business Bureau (800/273-1002) and the National Charities Information Bureau (212/929-6300).

Keep the attached checklist handy. Use it when reviewing solicitations, or discussing a contribution with a telephone or door-to-door solicitor.

For more information, or to file a complaint, contact the Bureau of Consumer Protection at:

**(800) 422-7128**

**FAX: (608) 224-4939**

**TTY: (608) 224-5058**

**E-MAIL:**

**[datcp hotline@datcp.state.wi.us](mailto:datcp hotline@datcp.state.wi.us)**

**WEBSITE:**

**<http://datcp.state.wi.us/>**

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# Contribution Checklist

- ✓ What is the specific **purpose** of the organization?
- ✓ Exactly what kinds of programs and **services** carry out the purpose?
- ✓ Does the group provide services in **Wisconsin** or the local community? If it is a police or firefighter group, does any of the money benefit local departments?
- ✓ What **percentage** of my contribution goes toward salaries or other administrative costs?
- ✓ Are you a paid **solicitor** or a volunteer?
- ✓ Does the organization have an **annual report** that contains a detailed financial report? Is there other written information about the group for me to review? (Ask for copies!)
- ✓ Is the group **registered** as a charity with the Wisconsin Department of Regulation and Licensing? (Verify by calling 608-266-5511.)
- ✓ Will my donation be **tax deductible**? (Ask for a copy of the charity's exemption letter, or call the Internal Revenue Service at 1-800-829-1040 to check if the group is exempt.)
- ✓ If a solicitor is unable or unwilling to answer these questions, insist on **written material** before making a decision to donate.
- ✓ **DO NOT** be pressured into making an immediate decision.

To report questionable contacts to the Bureau of Consumer Protection call:  
**1-800-422-7128**

*(Clip here and post near your telephone)*